

ORIGINAL



TOWN OF
PARADISE VALLEY



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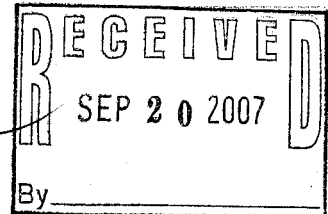
6401 EAST LINCOLN DRIVE
TOWN OF PARADISE VALLEY, ARIZONA 85253-4399

Arizona Corporation Commission

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September 19, 2007

William A. Mundell, Commissioner
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007-2927

Arizona-American Water Company, Paradise Valley Water District;
Docket Nos. W-01303A-05-0405 and W-01303A-05-0910

Re: Reconsideration of Decision No. 68858

Dear Commissioner Mundell:

The Town of Paradise Valley received your letters dated September 7, 2007, seeking clarification of the Town's position regarding the high block and public safety surcharge provisions of Decision No. 68858. Your interest in revisiting the Arizona-American Water Company rate case is very much appreciated by the Town.

The Town supports the general conservation and public safety policy goals behind these surcharges and does not oppose either of them in concept. The Town's position in that regard has not changed, however, the Town does believe that the rate design created by Decision No. 68858 has resulted in unintended, negative consequences which could be addressed by revisiting the case. The rate design pertaining to the high block surcharge should be reconsidered to reduce those negative consequences, even while retaining a tiered rate structure that would strongly promote water conservation.

In response to your concerns and those of other Commissioners as well, the Town Council will, at its September 27, 2007 meeting, consider a resolution requesting that the Arizona Corporation Commission reconsider Decision No. 68858. The resolution will request that the reconsideration be limited in scope to only include the actual rate design. Thank you in advance for your willingness to address this difficult rate decision.

Sincerely,

Thomas M. Martinsen
Town Manager
TMM/nm

cc: Commissioner Mike Gleason, Chairman
Commissioner Jeff Hatch-Miller
Commissioner Kristin Mayes
Commissioner Gary Pierce

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